



Office of Audit Services
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September 8, 2006

AGENDA ITEM 5

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** External Audit Fees – Fiscal Year 2005-06
- II. PROGRAM:** Audit Services
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Pursuant to the Finance Committee Charter, the Office of Audit Services reports annually all audit services provided by Board of Administration's independent financial statement auditor. The Office of Audit Services manages the contract for the independent financial statement auditor. Such reporting is consistent with the Sarbanes-Oxley Act of 2002 for monitoring financial statement auditor independence. Consistent with the Finance Committee Charter, the Board's financial statement auditor did not perform consulting services while responsible for auditing the financial statements. Rather, the services listed below represent audit services performed under AICPA generally accepted auditing standards and attestation standards.

	Audit Firm	Total Paid	Purpose
1	Deloitte & Touche, LLP	\$ 252,660	Financial Statement Audit for F/Y 2004/2005
2	Deloitte & Touche, LLP	\$ 119,625	Fiscal Services Division Internal Control Review F/Y 2005/2006

The Finance Committee Charter also requires reporting all audit activities and associated costs of work performed by other external audit firms engaged in audit and attest activities. The table shown below illustrates the schedule of fees for real estate compliance audits and real estate incentive fees audits performed by the Board's independent real estate auditor. Please note that Conrad and Associates was merged into Mayer Hoffman McCann. The real estate compliance audits are performed by the Conrad Government Services Division of Mayer Hoffman McCann. Additionally, the real estate compliance auditor performed attest services for the R Street Project.

Audit Firm	Total Paid	Purpose
Conrad & Associates	\$ 264,919	Real Estate Partner Compliance Audits
Mayer Hoffman McCann PC	\$ 441,581	Real Estate Partner Compliance Audits
Total	\$ 706,500	Real Estate Partner Compliance Audits for F/Y 2005/2006
Conrad & Associates	\$ 164,108	Real Estate Partner Incentive Fee Audits
Mayer Hoffman McCann PC	\$ 69,000	Real Estate Partner Incentive Fee Audits
Total	\$ 233,108	Real Estate Partner Incentive Fee Audits for F/Y 2005/2006
Conrad & Associates	\$ 26,809	R-Street Project for F/Y 2005/2006

The "audit" of the Blue Cross health claims was performed by a specialized firm with industry knowledge that is not a CPA firm.

Specialized Firm	Total Paid	Purpose
Wolcott & Associates	\$ 26,500	Health Claims "Audit" of Blue Cross

V. STRATEGIC PLAN:

This item is not a specific product of the strategic plan, but is required by the Finance Committee's Charter.

VI. RESULTS/COSTS:

This is an information item and does not result in any risks/costs. These audits provide the Board of Administration independent audit opinions regarding the financial reporting and disclosure of the systems assets, liabilities, revenues, and expenses of all funds for member benefits. Real estate audits provide assurance over real estate contract compliance and real estate incentive fee payments. The "audit" of Blue Cross claims provides assurance in this area.

Staff is available to answer any questions that the Finance Committee may have.

Larry Jensen, Chief
Office of Audit Services

Peter H. Mixon
General Counsel